



EVOLUTION
MARKETS

EVO REC NOTES

NJ BGS Load Auction 2023

2023 New Jersey BGS Load Auction

Auction Schedule & Estimated Volume

BGS – Basic Generation Service, is the electric supply for retail customers who are not served by a third-party-supplier.

Once a year the four New Jersey Electric Distribution Companies (“EDCs”) Atlantic City Electric Company (“ACE”), Jersey Central Power & Light Company (“JCP&L”), Public Service Electric and Gas Company (“PSE&G”), and Rockland Electric Company (“RECO”) procure full-requirements service for their Commercial and Industrial Energy Pricing (BGS-CIEP) loads in a single, statewide Auction for a one-year term (RY24). At the same time, approximately one-third of each EDC’s Basic Generation Service Residential Small Commercial Pricing (“BGS-RSCP”) Load is procured in auction for a 3-year rolling basis (RY 24-26).

The participants who win the right to serve the electric load also assume the associated compliance **REC obligations under the New Jersey Renewable Portfolio Standard.**

ESTIMATED VOLUME

CIEP Reporting Year 24				
EDC	MWh	NJ SREC	NJ Class 1	NJ Class 2
PSEG	2,259,305	110,706	610,012	56,483
JCP&L	590,991	28,959	159,568	14,775
ACE	373,631	18,308	100,880	9,341
RECO East	30,203	1,480	8,155	755
RSCP Reporting Year 24-26				
EDC	MWh	NJ SREC	NJ Class 1	NJ Class 2
PSEG	20,800,533	974,713	6,864,176	514,813
JCP&L	10,802,639	506,211	3,564,871	267,365
ACE	4,889,814	229,137	1,613,639	121,023
RECO East	835,266	39,141	275,638	20,673
Total				
EDC	MWh	NJ SREC	NJ Class 1	NJ Class 2
PSEG	23,059,838	1,085,419	7,474,188	571,296
JCP&L	11,393,630	535,170	3,724,439	282,140
ACE	5,263,445	247,445	1,714,519	130,364
RECO East	865,469	40,621	283,793	21,428
	40,582,382	1,908,654	13,196,939	1,005,228

AUCTION SCHEDULE

Tuesday, JAN 31st, 2023

*Auction Manager informs
Bidders registered in BGS-CIEP
Auction of starting prices*

Wednesday, FEB 1st, 2023

*Auction Manager informs
Bidders registered in BGS-
RSCP Auction of starting prices*

Friday, FEB 3rd, 2023

BGS-CIEP Auction Starts

Monday, FEB 6th, 2023

BGS-RSCP Auction Starts

**Board decision on Auction
results**

*Within two business days of
close of either Auction,
whichever comes later*

PJM TRI (New Jersey Class 1)

Historically, PJM TRI Eligible (PA1, NJ1, MD1) RECs have been the most popular product for BGS hedgers. Recently, however, liquidity for single eligible products has increased.

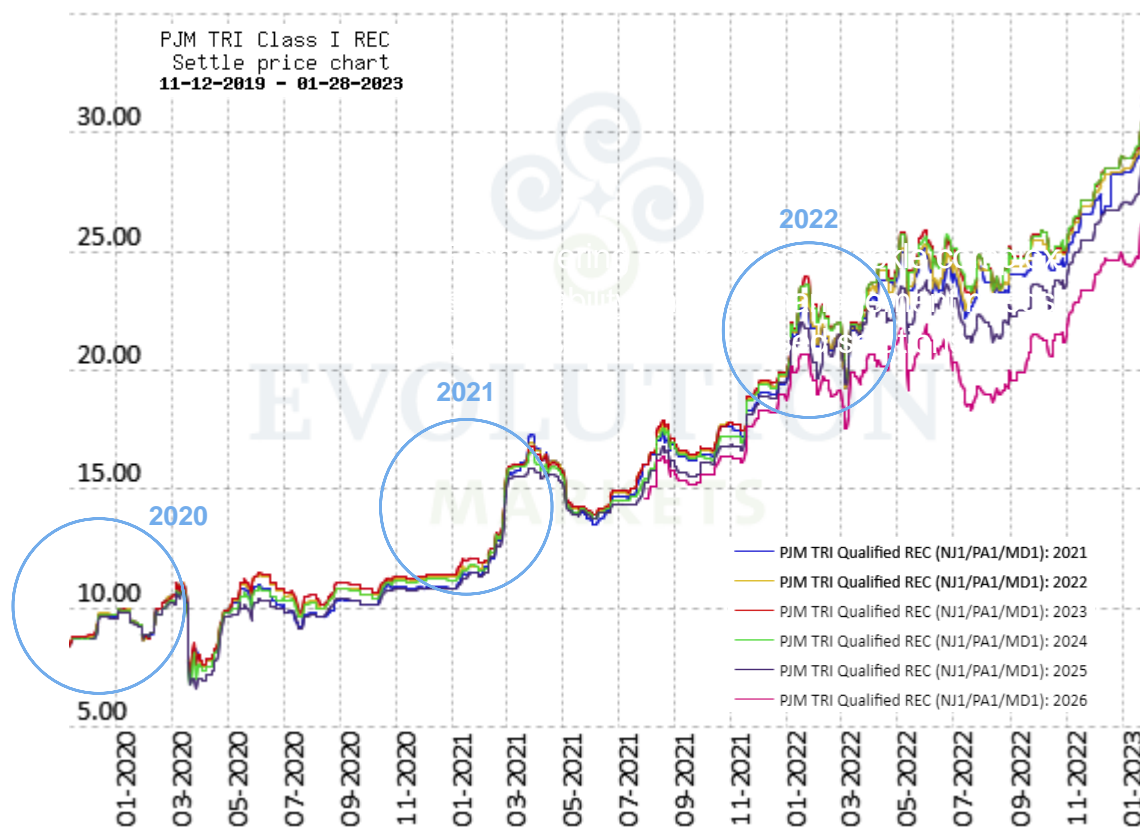
MD1 vs PJM-TRI Spread trading has led to an increase in single eligibility liquidity. PJM TRI prices recently surpassed the MD Alternative Compliance Penalties in RY23, 24, 25 and 26.

The first vintage in the Auction (RY24) is usually the most liquid as it can be used for all auction vintage exposures (RY24, 25, 26).

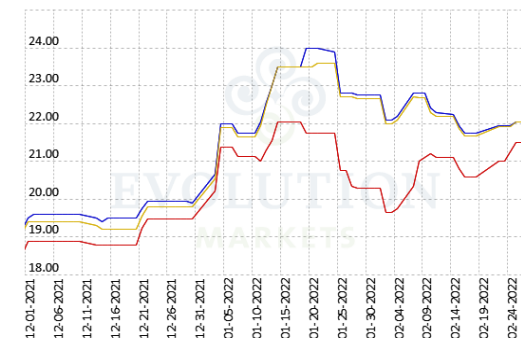
ACP: \$50

RY24 \$29.95 @ \$30.25
RY25 \$27.90 @ \$29.40
RY26 \$26.15 @ \$26.50

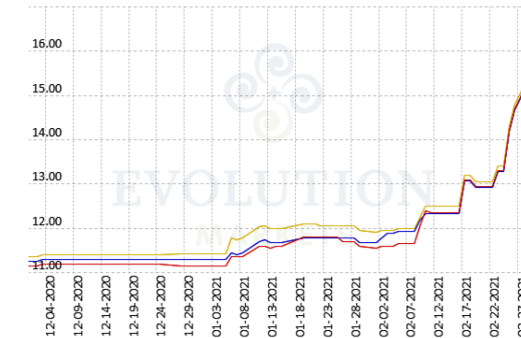
- **NJ1 obligation increases 8% RY24 to RY25**
- **How will the MD1 Alternative Compliance Penalty factor in?**



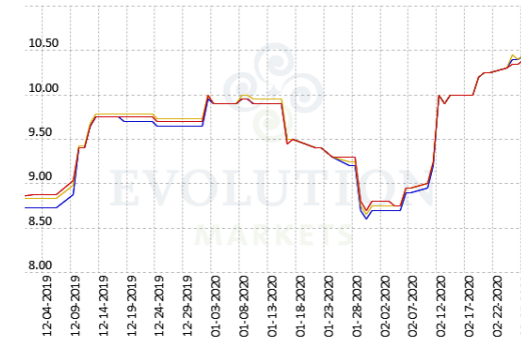
PJM TRI 23-25 BGS 2022



PJM TRI 22-24 BGS 2021



PJM TRI 21-23 BGS 2020



New Jersey Class 2

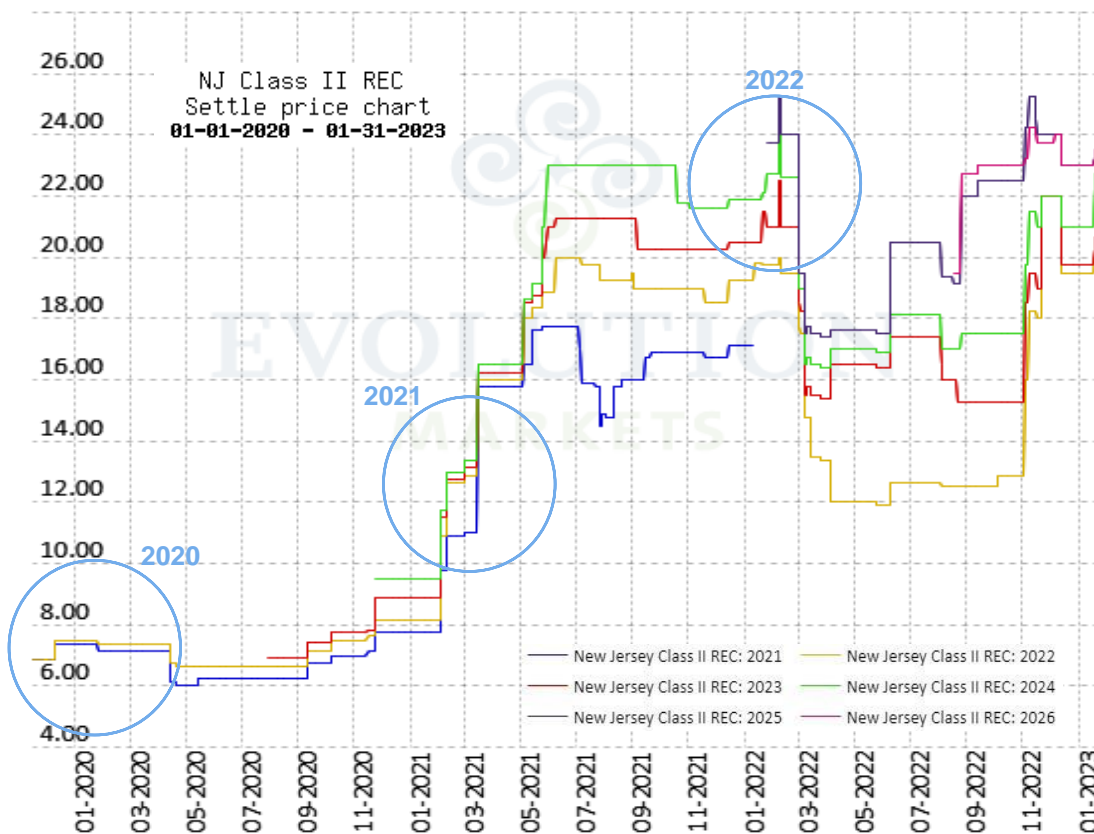
Much less liquid than PJM TRI in general, NJ2 illiquidity can seem pronounced during BGS.

However, NJ2 liquidity has been improving of late. Emerging cleared liquidity and more regular OTC trading has been a trend. Dually eligible in some cases with adjacent Tier 2 markets, NJ2 has been a more dynamic market since 2020.

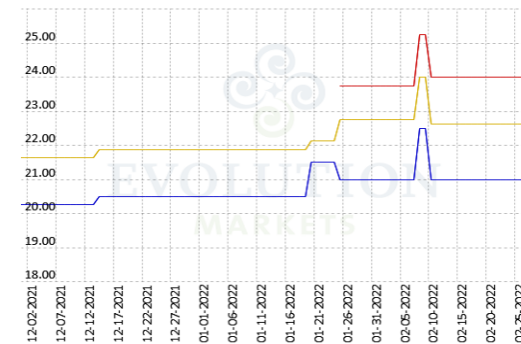
NJ2 prices have traded higher in each of the last three BGS'.

ACP: \$50

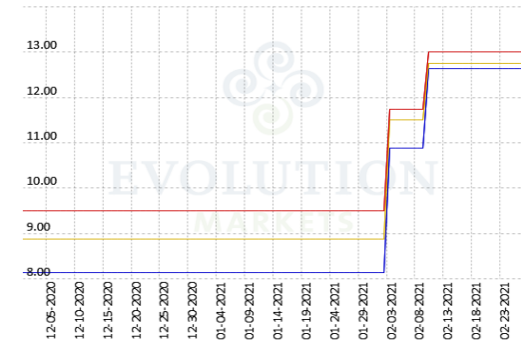
- Liquidity improving
- Price and volatility up



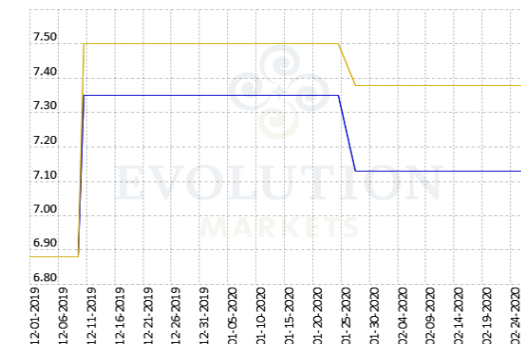
NJ2 23-25 BGS 2022



NJ2 22-24 BGS 2021



NJ2 21-23 BGS 2020



RY24 \$23.00 @ \$24.00
RY25 \$23.25 @ \$24.25
RY26 \$23.50 @ \$24.50

New Jersey Solar

NJ Solar is priced at a cost of capital adjusted discount to the Alternative Compliance Penalty through RY26.

Volume and credit tend to have a greater impact on trading during BGS than normal.

The first Vintage in the Auction (RY24) is usually the most traded, as it can be used for all Vintage exposures acquired in the Auction (RY24, 25, 26).

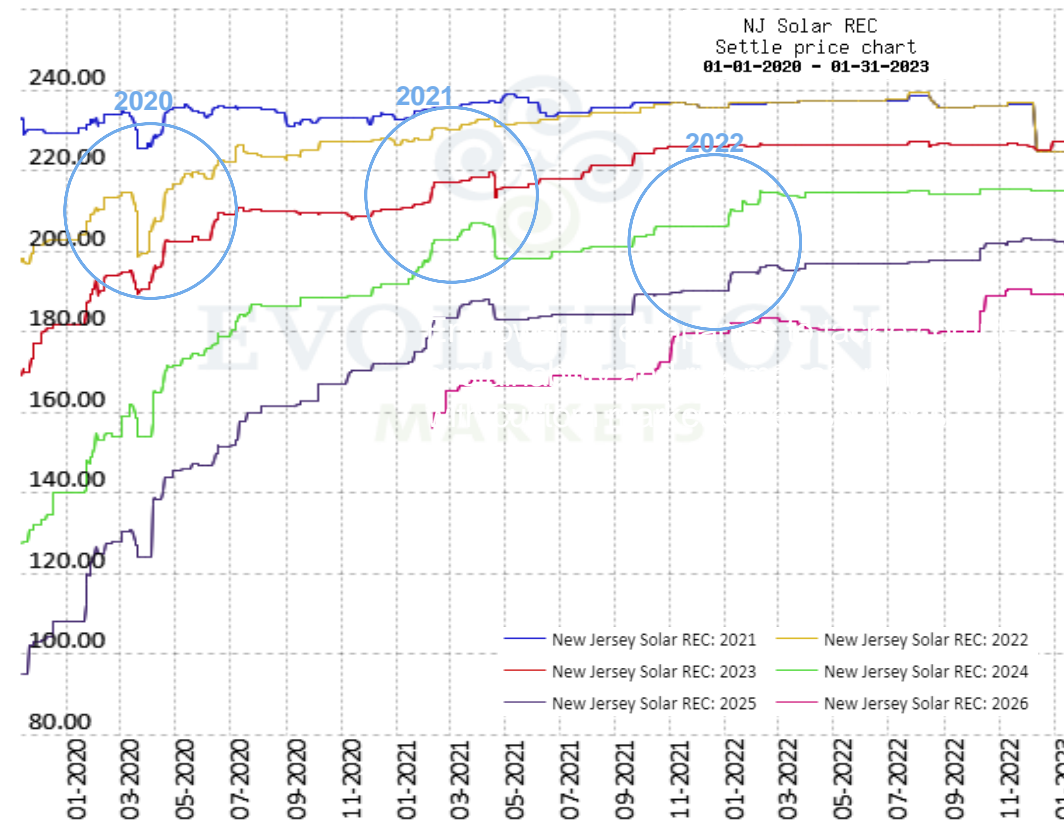
ACP:

RY24 \$218.00

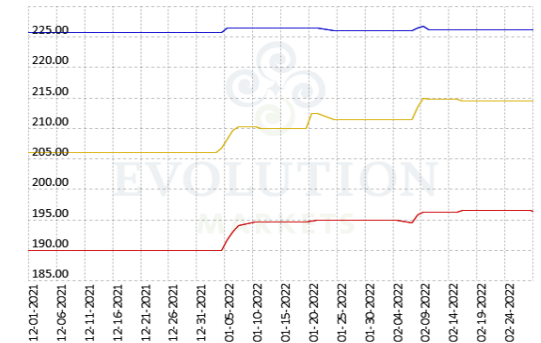
RY25 \$208.00

RY26 \$198.00

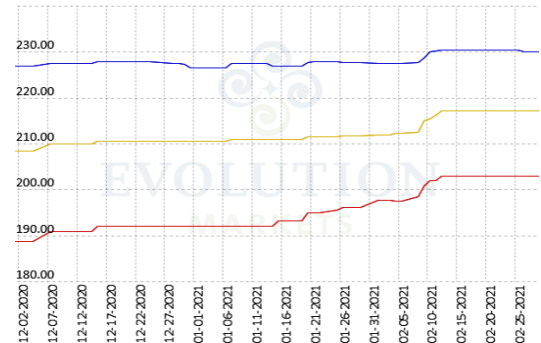
- Priced near to perfection
- Credit and clean volume generally rule the day



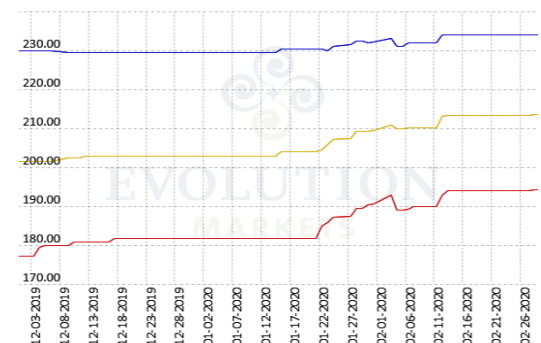
NJ SREC 23-25 BGS 2022



NJ SREC 22-24 BGS 2021



NJ SREC 21-23 BGS 2020



RY24 \$214.00 @ \$215.75

RY25 \$200.00 @ \$202.50

RY26 \$186.00 @ \$191.00

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